

Message Text

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ACTION STR-04

INFO OCT-01 IO-10 ISO-00 STRE-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 OIC-02 AF-06 ARA-06 EA-07 EUR-12 NEA-10 /134 W

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R 221849Z DEC 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 969

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H PASS CODEL

ACTION STR

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: MTN: TARIFFS-TECHNICAL DISCUSSIONS WITH EC

REF: STATE 293520

1. WE MET DEC 18 WITH EC (DUGIMONT AND OTHERS) AT EC'S REQUEST TO DISCUSS TECHNICAL ASPECTS RELATED TO TARIFFS. WE AGREED TO CLARIFY SEVERAL OF THE FOLLOWING POINTS.

A. TARIFF RATE INFORMATION FILE (TRIF). WE AGREED TO EXCHANGE TRIF TAPES AND PRINTOUTS WITH EC. EC EXPLAINED THAT AVE'S CALCULATED FOR EC TRIF ARE BASED ON UNIT VALUE CALCULATIONS (TOTAL VALUE DIVIDED BY TOTAL QUANTITY) RATHER THAN CUSTOMS DUTIES COLLECTED AND THAT EXPLANATORY NOTES EC WILL SUPPLY WITH TRIF WILL EXPLAIN AVE CALCULATIONS. WE INDICATED OUR UNDERSTANDING THAT

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AVE'S IN US TRIF BASED ON DUTIES COLLECTED BUT THAT

WE WOULD VERIFY METHOD OF CALCULATION, AND ALSO DETERMINE THE STATUS OF US EXPLANATORY NOTES TO TRIF. DUGIMONT EXPLAINED THAT EC IS CURRENTLY UPDATING ITS TRIF TO TAKE ACCOUNT OF CHANGES IN GSP AND HE INQUIRED ABOUT US PLANS FOR UPDATING ITS TRIF. HE NOTED THAT AGREEMENT WOULD HAVE TO BE REACHED ON WHICH YEAR'S AVE'S WOULD BE THE BASIS OF NEGOTIATIONS, PARTICULARLY AS REGARDS ANY HARMONIZATION FORMULA AND POSSIBLE TARIFF FLOOR.

B. CONSOLIDATED SCHEDULE. DUGIMONT SAID THAT EC HAD OBTAINED DRAFT CONSOLIDATED SCHEDULE FROM CANADA AND REQUESTED SIMILAR SCHEDULE FROM US. WE EXPLAINED PROBLEMS THAT USG HAS WITH 1971 DRAFT CONSOLIDATED SCHEDULE XX BUT AGREED TO SEEK WASHINGTON APPROVAL TO GIVE EC COPY OF DRAFT ON INFORMAL BASIS SO AS TO FACILITATE TECHNICAL PREPARATIONS. UNLESS WASHINGTON OBJECTS, WE INTEND TO GIVE EC COPY ON SAME CONDITIONS AS COPY WE WILL GIVE TO CANADA (SEE REFTEL).

C. BTN-TSUS CONCORDANCE. DUGIMONT OUTLINED ANALYSIS HIS STAFF HAD UNDERTAKEN OF US I.T.C. DOCUMENT "TARIFF SCHEDULES OF THE UNITED STATES CONVERTED INTO FORMAT OF THE BRUSSELS TARIFF NOMENCLATURE." HE INDICATED EC'S ANALYSIS SHOWED THAT 59 PERCENT OF THE BTN HEADINGS WERE CHANGED, THAT 2,000 TSUS ITEMS HAD BEEN OMITTED AND 1,742 NEW ITEMS ADDED IN DRAFT CONVERSION PROCESS. WE EXPLAINED BACKGROUND OF CONVERSION STUDY AND CAUTIONED AGAINST USING IT AS BASIS FOR TSUS-BTN CONCORDANCE. EC THEN REQUESTED COPY OF LATEST U.S. CONCORDANCE (JANUARY 1974) AND REVISION NOW IN PROGRESS,

WHEN IT IS COMPLETED. DUGIMONT SAID THAT HIS STAFF WOULD STUDY THESE CONCORDANCES SO THAT WE COULD DISCUSS PROBLEM AREAS IN FUTURE TECHNICAL MEETINGS.

D. FOB-CIF. DUGIMONT, WITHOUT COMMITTING EC, SAID HIS STAFF IS STILL ANALYZING TECHNICAL ASPECT OF POSSIBLE CIF-FOB ADJUSTMENT, BASED ON U.S. STATEMENT AT LAST TARIFFS GROUP MEETING. HE INQUIRED WHETHER CIF DATA IS AVAILABLE AT THE TARIFF LINE LEVEL FOR 1974 AND REQUESTED DETAILS ON CALCULATION OF U.S. CIF IMPORT DATA. WE EXPRESSED OUR UNDERSTANDING THAT DATA LIMITED OFFICIAL USE

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IS COLLECTED ON INVOICE-BY-INVOICE BASIS BUT PROMISED TO CONFIRM. HE ALSO QUESTIONED HOW U.S. DATA WOULD ALLOW FOR A CIF-FOB ADJUSTMENT TO BE MADE ON ITEMS WHICH ARE VALUED ON THE BASIS OF ASP OR FINAL LIST. E. DUTY ON SHIP REPAIR. DUGIMONT COMMENTED THAT EC HAD NOTIFIED DUTY ON REPAIR OF SHIPS (TSUS 806.20) TO GATT INVENTORY OF NONTARIFF MEASURES BUT THAT U.S. ASSERTED DUTY WAS A TARIFF

RATHER THAN NONTARIFF BARRIER. DUGIMONT SAID EC
WANTED TO BE SURE THAT THIS ITEM DID NOT FALL
BETWEEN TWO STOOLS AND THAT IT BE INCLUDED IN U.S.
TARIFF OFFER LISTAM WE INDICATED OUR UNDERSTANDING
THAT PRESIDENT'S TARIFF AUTHORITY RELATED ONLY TO
TSUS SCHEDULES 1-7 AND THAT RATE UNDER 806.20 IS
DETERMINED BY RATE UNDER APPROPRIATE ITEM IN
SCHEDULES 1-7. WE PROMISED A MORE DETAILED RESPONSE.

2. ACTION REQUESTED: SEND ONE COPY OF LATEST TSUS-BTN/
BTN-TSUS CONCORDANCE FOR TRANSMITTAL TO EC. ALSO
INDICATE STATUS OF REVISION OF CONCORDANCE, EXPLANATORY
NOTES ON TRIF, AND ANSWERS TO OTHER QUESTIONS RAISED IN
FOREGOING PARAGRAPHS. WALKER

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